



Don H. Berg, Manager
Audits Division

**Idaho Legislative Services Office
Legislative Audits Division**

**2008 SINGLE AUDIT
90 DAY FOLLOW-UP**

On July 2, 2009, the Legislative Services Office released the fiscal year 2008 statewide Single Audit Report. There were eight findings and recommendations pertaining to three agencies. These agencies, Commission for the Blind and Visually Impaired, the Idaho Department of Health and Welfare, and the Division of Vocational Rehabilitation were contacted in October, and this report addresses how each has responded to its findings and recommendations contained in that report.

BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE

FINDING 08F-1

CFDA Title: Rehabilitation Services

CFDA #: 84.126

Federal Award #:

H126A070017 and H126A080017

Program Year:

October 1, 2006 to September 30, 2007

October 1, 2007 to September 30, 2008

Federal Agency: Department of Education

Compliance Requirements:

B-Allowable Costs

Questioned Costs: Not Determinable

Administrative costs of \$170,000 were improperly allocated to the Commission's basic grant.

RECOMMENDATION 08F-1

We recommended that the Commission follow its federally-approved allocation plan and properly distribute administrative costs to all programs. We also recommended that the Commission contact the federal grantor to resolve the potential unallowable costs.

AUDIT FOLLOW-UP

The Commission is currently working with the federal grantor to resolve these issues.

STATUS – OPEN

FINDING 08F-2

CFDA Title: Rehabilitation Services

CFDA #: 84.126

Federal Award #:

H126A070017 and H126A080017

Program Year:

October 1, 2006 to September 30, 2007

October 1, 2007 to September 30, 2008

Federal Agency: Department of Education

Compliance Requirements: L-Reporting

Questioned Costs: Not Determinable

Reports of federal expenditures are inconsistent and not properly supported.

RECOMMENDATION 08F-2

We recommended that the Commission develop and retain appropriate support for the reports of federal expenditures and that amounts reported to the SCO and federal grantors are consistent. We also recommended that the Commission resubmit corrected reports to the federal grantors and resolve any unallowable cost issue as a result of these corrections.

AUDIT FOLLOW-UP

The Commission is currently working to correct reporting issues and intends to contact the federal grantor to determine which report corrections are necessary.

STATUS – OPEN

HEALTH AND WELFARE, DEPARTMENT OF

FINDING 08F-3

CFDA Title: Medicaid

CFDA #: 93.778

Federal Award #:

05-0805ID5028 and 05-0805ID5048

Program Year:

October 1, 2006 to September 30, 2007

Federal Agency: Department of Health and Human Services

Compliance Requirements: E-Eligibility

Questioned Costs: Not Determinable

Medicaid eligibility data in EPICS is still not reconciled to the Medicaid Automated Information System (AIM).

RECOMMENDATION 08F-3

We recommended that the Department continue to refine procedures to identify and correct errors in the automated records that cause client eligibility to be delayed or not established at all. These procedures should include appropriate data collection to provide at least quarterly reconciliations in compliance with contract requirements.

AUDIT FOLLOW-UP

The Department continues to develop procedures to prevent, detect, and correct potential errors between the Eligibility Programs Integrated Computer System (EPICS) and Medicaid's Automated Information Management (AIM) system. The number of errors decreased from 6,313 in December 2008 to 5,355 in July 2009 but increased in October 2009, due partly to a corresponding increase in client records. Steps have been taken and are planned to ensure that potential errors between the new Idaho Benefits Eligibility System (IBES), which replaces EPICS, and Medicaid Management Information System (MMIS), which replaces AIM, are identified and resolved.

We will continue to monitor and review the reconciliation reports through the system transitions.

STATUS – OPEN

FINDING 08F-4

PROGRAM 1

CFDA Title: Child Support Enforcement

CFDA #: 93.563

Federal Award #: G0704ID4004

Program Year:

October 1, 2004 to September 30, 2007

Federal Agency: Department of Health
and Human Services

Compliance Requirements: B-Allowable Costs

Questioned Costs: \$3 million

PROGRAM 2

CFDA Title: Temporary Assistance to
Needy Families

CFDA #: 93.558

Federal Award #: G0008IDTANF

Program Year:

October 1, 2000 to September 30, 2007

Federal Agency: Department of Health
and Human Services

Compliance Requirements: B-Allowable Costs

Questioned Costs: \$4.3 million

Child support costs of over \$7 million were improperly charged to federal grants over the past several years.

RECOMMENDATION 08F-4

We recommended that the Department amend the amounts and method used to allocate costs to the Child Support and TANF grants for limited services cases. The allocation method should include only those transactions on open cases where the collections are through a wage withholding process, and only those costs specifically related to the processing and distribution process. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

AUDIT FOLLOW-UP

The Department indicates it has removed payment posting charges and phone call center charges from the Child Support IV-D grant. These amounts were calculated based on the methodology outlined in the original Department response.

Additionally, the Department submitted an amendment to the cost allocation plan to allocate child support costs to the programs that benefit from these services. The federal grantor and the federal Division of Cost Allocation approved the Department's proposed amendment on June 23, 2009.

The Department is currently working with the federal grantor to resolve the questioned costs.

We will review the cost allocation amendment to ensure that costs charged to the Child Support and TANF grants are allowable and monitor the Department's progress in resolving the questioned costs with the federal grantor.

STATUS – OPEN

FINDING 08F-5

CFDA Title: Temporary Assistance to
Needy Families

CFDA #: 93.558

Federal Award #: G0008IDTANF

Program Year:

October 1, 2006 to September 30, 2007

Federal Agency: Department of Health
and Human Services

Compliance Requirements:

A-Activities Allowed or Unallowed

B-Allowable Costs

Questioned Costs: \$5.3 million

Administrative costs of \$5.3 million are incorrectly allocated to the TANF grant.

RECOMMENDATION 08F-5

We recommended that the Department amend the RMTS allocation processes to properly identify and document allowable costs to the TANF grant. We also recommended that the Department contact the federal grantor to resolve the identified questioned cost amounts.

AUDIT FOLLOW-UP

The Department submitted an amendment to the cost allocation plan that included the recommended changes to the Random Moment Time Study (RMTS) activity codes and is awaiting approval of this amendment. The Department is currently working with the federal grantor to resolve the questioned costs and continues to provide training to staff on the appropriate use of RMTS activity codes.

We will review the cost allocation plan amendment and continue to monitor its progress in resolving the questioned costs with the federal grantor.

STATUS – OPEN

FINDING 08F-6

CFDA Title: Temporary Assistance to
Needy Families

CFDA #: 93.558

Federal Award #: G0008IDTANF

Program Year:

October 1, 2006 to September 30, 2007

Federal Agency: Department of Health
and Human Services

Compliance Requirements:

A-Activities Allowed or Unallowed

B-Allowable Costs

Questioned Costs: \$1.3 million

More than \$1.3 million of training costs charged to TANF are not supported by an appropriate allocation methodology.

RECOMMENDATION 08F-6

We recommended that the Department reassign RMTS cost codes to appropriate grants to comply with all *OMB Circular A-87* cost requirements, and proceed with efforts to update the RMTS manual, train staff, implement a monitoring process, and submit a revised cost allocation plan for federal approval. We further recommended that the Department contact the federal grantor to resolve all questioned cost amounts.

AUDIT FOLLOW-UP

The resolution of this finding is contingent on the resolution of Finding 08F-5 regarding allocated costs to TANF. When that finding is resolved, the Department is prepared to adjust training costs incurred during fiscal year 2008 and the first quarter of fiscal year 2009 to reflect the revised allocation methodology. The Department will work with the federal grantor to resolve the questioned costs.

STATUS – OPEN**VOCATIONAL REHABILITATION, IDAHO DEPARTMENT OF****FINDING 08F-7**

CFDA Title: Rehabilitation Services

CFDA #: 84.126

Federal Award #:

H126A070016 and H126A080016

Program Year:

October 1, 2006 to September 30, 2007

October 1, 2007 to September 30, 2008

Federal Agency: Department of Education

Compliance Requirements:

C-Cash Management

Questioned Costs: Not Determinable

Federal funds are not requested within the time frames established in federal requirements.

RECOMMENDATION 08F-7

We recommended that the Department draw federal funds within the time frames established in federal regulations.

AUDIT FOLLOW-UP

The Department has made the required changes to its federal draw process to comply with CMIA requirements.

STATUS – CLOSED**FINDING 08F-8**

CFDA Title: Rehabilitation Services

CFDA #: 84.126

Federal Award #:

H126A070016 and H126A080016

Program Year:

October 1, 2006 to September 30, 2007

October 1, 2007 to September 30, 2008

Federal Agency: Department of Education

Compliance Requirements: B-Allowable Costs

Questioned Costs: Not Determinable

Indirect rates used to charge administrative costs to federal grants are not properly supported.

RECOMMENDATION 08F-8

We recommended that the Department properly support the indirect rates used to charge administrative costs to federal grants by developing and documenting the processes and calculations in accordance with federal regulations.

AUDIT FOLLOW-UP

The Department is currently working with the federal grantor to have indirect rates approved for State fiscal years 2008 and 2009.

STATUS – OPEN